

SPECIAL TERMS AND CONDITIONS

NUMBER: 11-W-00032/9-17

TITLE: Arizona Health Care Cost Containment System -- AHCCCS, A Statewide Approach of Cost Effective Health Care Financing

AWARDEE: Arizona Health Care Cost Containment System

The following special terms and conditions apply to the project:

1. The State of Arizona will continue to provide access to Arizona Long Term Care System (ALTCS) services to American Indians on the reservation as it does to other citizens of the State.
2. The State will conduct a comprehensive medical audit of all plans between October 1 and September 30 of each year and prepare a report to be submitted to the Health Care Financing Administration (HCFA) by July 31 of the following year.
3. The State will not deny Medicaid eligibility for any potentially disabled individual based on using PAS criteria in lieu of the SSI-disability determination. Prior to rendering a final decision of ineligibility based on disability, the State will use the SSI criteria as required under section 1902(a)(10) interpreted through Federal regulations at sections 435.120 and 435.601.
4. Effective October 1, 1999, the provision of home- and community-based services (HCBS) to the elderly and physically disabled (EPD) will no longer be capped. In the absence of a limit, AHCCCS will report annually on current placements and ongoing activities for expanding HCB services and settings. The report will be due by March 31 of each year.
5. The State will submit quarterly progress reports on the encounter data collection process as well as on the quality improvement initiative. These reports are due 60 calendar days after the end of each quarter.

AHCCCS will submit all identified reports for the Quality Improvement Initiative, based on agreements between HCFA and AHCCCS regarding report content, reporting frames, and submission schedules.

6. The State will submit quarterly progress reports, which are due 60 calendar days after the end of each quarter. The reports should include a discussion of events occurring during the quarter that affect health care delivery, quality of care, access, financial results, and

other operational issues. The report should also include proposals for addressing any problems identified in the quarterly report. The intent of the report is to present the State's analysis and status of the various operational areas.

7. The Department of Economic Security/Developmental Disabilities Division (DES/DDD) will comply with all contractual and reporting requirements as specified in the Request for Proposal (RFP) between AHCCCS and DES/DDD and in any subsequent amendments. DES/DDD will be sanctioned as specified in the RFP if DES/DDD fails to comply with the stated contractual and reporting requirements. All comparable requirements will apply to the relationship between AHCCCS and the Department of Health Services/Behavioral Health Services (ADHS/BHS).
8. The State will enforce financial penalties on individual health plans and on LTC program contractors that are not complying with data collection requirements.
9. The State will take appropriate action to correct deficiencies identified in the collection of 100 percent encounter data. Steps to be taken will include, at a minimum, data validation studies to determine problems that exist at health plans, technical assistance to plans to correct problems, and sanctioning plans for failure to meet the allowable error rates imposed by HCFA. Failure to undertake these activities will result in HCFA withholding up to 0.25 percent of Federal matching funds for the current contract year. HCFA will inform AHCCCS in writing that it did not carry out the encounter data requirement, specifying what needs to be done, and giving AHCCCS 90 days to correct the deficiency before payments are reduced by 0.25 percent in matching funds for the year. For FY 2000, the effectiveness of AHCCCS' actions will be determined based on the error rates for acute care data and LTC data for the period October 1, 1996 through September 30, 1997, and on the error rates for behavioral health data for the period October 1, 1997 through September 30, 1998. For FY 2001 and FY 2002, these baseline years will advance by one year for each year. AHCCCS' actions will be considered ineffective if error rates exceed the following, over all plans:

ERROR RATES

<u>Criteria</u>	<u>Institutional</u>	<u>Professional</u>
Omission	6.9%	11.9%
Timeliness		12.8%*
Correctness		12.9%*

* Does not include hospital or LTC data.

If AHCCCS' actions are ineffective, HCFA may immediately invoke the withhold. Failure to conduct and complete the data validation studies on schedule will also be the basis for invoking the withhold.

10. The allowable error rate for encounter data for all AHCCCS contractors will be 5 percent. Penalty sanctions will be imposed by AHCCCS on all contractors that exceed this error rate.
11. By January 15 of each year, the State will submit a draft annual report, documenting accomplishments, project status, quantitative and case study findings, and policy and administrative difficulties for the fiscal year ended the previous September 30, and a revised annual report incorporating HCFA's comments within 30 days of receipt of these comments.
12. AHCCCS will submit to HCFA a summary of financial and operational reviews of AHCCCS Health Plans and ALTCS Program Contractors immediately upon completion. In addition, AHCCCS will submit separate summaries of financial and operational reviews that it conducts of DES/DDD and of ADHS/BHS.
13. The State will forward summaries of the financial and operational reviews that ADHS/BHS completes on the Regional Behavioral Health Authorities (RBHAs), as well as summaries of any reviews AHCCCS conducts of ADHS/BHS. The State will also forward summaries of any comparable information prepared by or pertaining to DES/DDD.
14. AHCCCS will require the same level of quality reporting for DES/DDD and ADHS/BHS as for Health Plans and Program Contractors, subject to the same time lines and penalties.
15. Each year, AHCCCS will monitor and ensure that for each contract year, the DES/DDD and the ADHS/BHS have provided the appropriate State match necessary to draw down the FMAP for title XIX services provided, respectively, to ALTCS eligible persons and to AHCCCS eligible persons enrolled with ADHS/BHS. Specifically, AHCCCS and DES/DDD entered into an Intergovernmental Agreement, effective July 1, 1998, whereby DES/DDD transfers to AHCCCS the total amount appropriated for the State match for title XIX ALTCS expenditures. Likewise, AHCCCS and ADHS/BHS entered into an Intergovernmental Agreement, effective July 1, 1999, whereby ADHS/BHS transfers to AHCCCS the total amount appropriated for the State match for title XIX expenditures. AHCCCS deposits the monies transferred into an Intergovernmental Fund from which AHCCCS has sole disbursement authority.
16. AHCCCS will report on a comparison of revenues and costs associated with the DES Interagency Agreement, including how any excess revenues are spent. AHCCCS will also report this information for ADHS/BHS. Both reports will be due by January 15 of each year for the State fiscal year ending the previous June 30.
17. Before contracting with any provider of service, the State will obtain from the provider full disclosure of ownership and control and related party transactions, as specified in

sections 1124 and 1902(a)(38) of the Act. No Federal financial participation (FFP) will be available for providers that fail to provide this information.

18. HCFA will utilize the rate-setting method specified below.

The Federal match for acute-care and ALTCS services will be based on the actual capitation rates AHCCCS negotiates with each provider. Thirty days before the effective date, the acute-care rates and ALTCS rates that AHCCCS negotiates with each provider should be submitted to HCFA for review and approval.

19. HCFA retains the right to renegotiate rate-setting methodologies used by the AHCCCS and ALTCS programs during the period of the award if the assumptions or projections used in the methodologies are not in reasonable alignment with national projections or with any uniform restriction on Federal matching that applies to all title XIX programs.
20. At any phase of the project, including at the project's conclusion, AHCCCS, if so requested by the project officer, must submit to HCFA analytic data file(s), with appropriate documentation, representing the data developed/used in end-product analyses generated under this award. The analytic file(s) may include primary data collected, acquired, or generated under the award and/or data furnished by HCFA. The content, format, documentation, and schedule for production of the data file(s) will be agreed upon by AHCCCS and the HCFA project officer. The negotiated format(s) could include both file(s) that would be limited to HCFA internal use and file(s) that HCFA could make available to the general public.
21. At any phase of the project, including at the project's conclusion, AHCCCS, if so requested by the project officer, must deliver to HCFA any materials, systems, or other items developed, refined, or enhanced in the course of or under the award. AHCCCS agrees that HCFA shall have royalty-free, nonexclusive, and irrevocable rights to reproduce, publish, or otherwise use and authorize others to use the items for Federal Government purposes.
22. In order to track expenditures under this demonstration, the State must submit the following forms for the demonstration on a quarterly basis:

HCFA-64.9	HCFA-64.9a
HCFA-64.9p	HCFA-64.9o
HCFA 64.10	HCFA-64 Certification
HCFA-64.10p	HCFA-64 Summary

The State must report all administrative and service expenditures allowed under the waivers approved for this demonstration.

